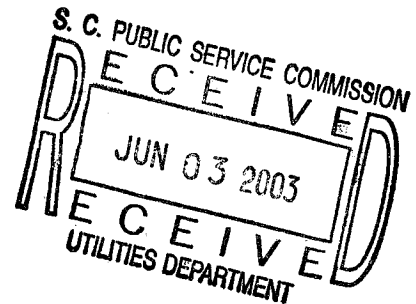


**POSTED**  
6/3/03

**ORIGINAL**

**Moore Sewer, Inc.**

***Application for approval of an adjustment  
of rates and charges to reflect its operation  
as a Collection-Only Sewerage Utility***



***Docket No. 2003-41-S***

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***Direct Testimony and Exhibit  
William O. Richardson  
Utilities Department***

***Public Service Commission of South Carolina***

RETURN DATE: *OK*

SERVICE: *OK*

1 **Q. WOULD YOU PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**  
2 **OCCUPATION?**

3 **A.** William O. Richardson, 101 Executive Center Drive, Columbia, South Carolina  
4 29210. I am employed by The Public Service Commission of South Carolina,  
5 Utilities Department, as Chief of the Water and Wastewater Area.

6 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**  
7 **EXPERIENCE.**

8 **A.** I received a Bachelor of Science Degree in Electrical and Computer  
9 Engineering from Clemson University in 1975. After graduation I was  
10 employed by Daniel Construction Company as an Electrical Engineer in the  
11 Power Division. In 1978 I was employed by this Commission as an Engineer  
12 Associate II in the Electric Department. In January of 1991 I transferred to  
13 the Water and Wastewater Department as an Engineer Associate III. I have  
14 been Chief of Water and Wastewater since December 3, 2002. I have  
15 attended various courses and seminars related to engineering, life analysis and  
16 accounting relationships. I am a member of the Water Environment  
17 Association of South Carolina and a member of the AWWA. I have testified  
18 before this Commission in other proceedings involving fuel adjustment clauses,  
19 purchased gas adjustments, and rate case proceedings of electric, water and  
20 wastewater utilities.

21 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
22 **PROCEEDING?**

23 **A:** The purpose of my testimony is to address the effect of collection-only rates  
24 on operating revenue; the proposed sewer collection rates and charges and  
25 the effect of the proposed rates on the customer's bill; to summarize the  
26 treatment costs from Spartanburg Sanitary Sewer District and City of  
27 Spartanburg to Moore Sewer's customers and finally to re-emphasize the  
28 Company's approved operating margin.

29 **Q. PLEASE DISCUSS THE EFFECT OF COLLECTION-ONLY RATES ON THE**  
30 **COMPANY'S OPERATING REVENUES.**

1 A. As shown on Utilities Department Exhibit No. 1 the requested rates will  
2 produce \$24,420 in additional revenue which is an increase of 18.4%.

3 **Q. PLEASE DISCUSS THE PROPOSED SEWER COLLECTION RATES AND**  
4 **CHARGES INCLUDED IN THE COMPANY'S APPLICATION.**

5 A. The Notice of Filing that was published and sent to all the customers had the  
6 requested monthly charge of \$28.50 for residential and commercial  
7 customers, the non recurring charges of \$10.00 for a new customer set-up  
8 charge, an \$18.00 notification of disconnection charge and a tap fee of  
9 \$500.00 for new customers that tap-on to the system. The tap fee amount of  
10 \$500.00 was noticed in error, it should have been \$350.00. In any event, the  
11 Company has not justified the requested tap fee. The Linville Hills customers  
12 are currently being charged \$28.50. There would be no increase to these 275  
13 customers. The Madera Village customers are currently being charged  
14 \$17.50. The proposed rates would increase these 185 customer's bills by  
15 \$11.00 or 62.9%.

16 **Q. PLEASE DISCUSS THE TREATMENT COSTS THAT THE MADERA AND**  
17 **LINVILLE HILL CUSTOMERS WILL PAY FOR TREATMENT SERVICES**  
18 **WHEN MOORE SEWER, INC. BECOMES A COLLECTION-ONLY**  
19 **UTILITY.**

20 A. First, the contract to tie in the **Madera Village** system required the Company  
21 to pay to the City of Spartanburg capacity fees in the amount of \$28,154 and  
22 to the Spartanburg Sanitary Sewer District capacity fees of \$17,932.92. A total  
23 of \$46,086.92 in capacity fees. The contract states that the customers will  
24 also be charged sewer user fees of \$1.72/100 cubic feet of water for  
25 transportation and treatment by SSSD plus a base charge of \$1.50 and will be  
26 charged \$1.36/100 cubic feet of water to reimburse the City for its sewage  
27 pumping station. This is a total of \$3.08/100 cubic feet plus \$1.50. A  
28 customer using 3,000 gallons of water (400 cubic feet or 4 units, 1 unit equals  
29 750 gallons) would be charged \$13.82 for treatment services plus the sewer  
30 collection charge imposed by Moore Sewer of \$28.50 for a total of \$42.32.

1 The City of Spartanburg is directly billing the customers the \$3.08/100 cubic  
2 feet rate for sewer treatment along with the water bill from the City.

3  
4 For the **Linville Hills** system, the Company is required to pay SSSD a  
5 capacity fee of \$8,901. SSSD will bill Moore Sewer \$1.50 plus \$1.72/100  
6 cubic feet of flow for treatment of the wastewater discharged from the Linville  
7 Hills system to the SSSD's North Tyger River WWTP. Moore Sewer will then  
8 divide that charge by the number of customers and pass those charges on to  
9 its customers without markup. Based on 3,000 gallons or 400 cubic feet (4  
10 units) of flow per customer, the bill will be approximately \$6.88 plus the  
11 sewer collection charge imposed by Moore Sewer of \$28.50 for a total of  
12 \$35.38.

13 **Q. PLEASE TELL WHAT THE COMMISSION APPROVED FOR THE**  
14 **OPERATING MARGIN IN THE COMPANY'S LAST RATE CASE.**

15 A. The Commission approved an operating margin of 24.51% in the Company's  
16 last rate case, Docket No. 1999-397-S, Order No. 2001-243 on March 15,  
17 2001.

18 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

19 A. Yes it does.

**UTILITIES DEPARTMENT  
EXHIBIT NO. 1**

**EFFECT OF COST-BASED COLLECTION-ONLY RATES ON OPERATING REVENUE**

Utilities Department Exhibit No. 1 shows the effect of reflecting cost-based collection-only rates on the Company's operating revenue. The requested rates will produce \$24,420 in additional revenue which is an increase of 18.4%.

source of revenue res/com	per books \$	accounting pro forma \$	after adjustment \$	increase \$	after increase \$	percent increase %
Sewer Service	88,476	44,424 (1)	132,900	24,420 (2)	157,320	18.4
Tap Fees	0	0	0	0	0	0
Misc. Rev.	0	0	0	0	0	-
Total rev.	88,476	44,424	132,900	24,420	157,320	18.4

(1) To annualize revenues.

(2) To add to the adjusted revenues the proposed increase for the test year.